



Economic Impact Analysis Virginia Department of Planning and Budget

18 VAC 48-20 – Condominium Regulations
Department of Professional and Occupational Regulation
August 24, 2010

Summary of the Proposed Amendments to Regulation

Section 55-79.84:1.A of the Code of Virginia states that the declarant of a condominium containing registered units shall post and file with the Common Interest Community Board (Board) a bond in favor of the unit owners' association for the payment of delinquent assessments. Further, the Code specifies the amount of the bond and when it shall be returned. According to the Department of Professional and Occupational Regulation, the procedures currently being followed for returning bonds and terminating condominium registrations are often not known by declarants of condominiums, or their agents, or the unit owners' associations. Therefore the Board proposes to incorporate into these regulations the procedures currently practiced by the Board staff concerning the requirements governing return of a bond or letter of credit to the declarant of a condominium project.

Result of Analysis

The benefits likely exceed the costs for all proposed changes.

Estimated Economic Impact

The proposed new language for these regulations is for the most part repetitive of statute and thus will have no impact beyond the benefit of clarifying the law. Section 55-79.84:1 does state that "The Board may promulgate reasonable regulations which govern the return of bonds submitted in accordance with this section." The proposed language repeats the statute by stating that "The board shall return the bond or letter of credit to the declarant if (i) the unit owners' association confirms that the declarant is current in the payment of assessments and owns less than 10 percent of the units in the condominium," but adds that the Board shall return the bond

or letter of credit if “no response is received from the unit owners’ association within 90 days. The 90-day timeframe in subsection (ii) may be extended at the discretion of the board.” Ninety days is plenty of time for the owners’ association to respond with information toward whether the declarant is current in the payment of assessments and owns less than 10 percent of the units in the condominium. Adding this language to the regulations will be beneficial in that it will inform declarants as to when they can expect to have their bond or letter of credit returned.

Businesses and Entities Affected

The proposed amendments affect the 572 registered condominiums in Virginia and the same number of unit owner’s associations connected with them.

Localities Particularly Affected

The proposed amendments do not disproportionately affect particular localities.

Projected Impact on Employment

The proposal amendments are unlikely to significantly affect employment.

Effects on the Use and Value of Private Property

The proposed amendments are unlikely to significantly affect the use and value of private property.

Small Businesses: Costs and Other Effects

The proposed amendments are unlikely to significantly affect costs for small businesses, but will reduce some uncertainty for condominium project declarants concerning when they can expect to have their bond or letter of credit returned.

Small Businesses: Alternative Method that Minimizes Adverse Impact

The proposed amendments are unlikely to adversely affect small businesses.

Real Estate Development Costs

The proposed amendments are unlikely to have a large impact on real estate development costs, but will reduce some uncertainty for declarants of condominiums concerning when they can expect to have their bond or letter of credit returned.

Legal Mandate

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.04 of the Administrative Process Act and Executive Order Number 14 (10). Section 2.2-4007.04 requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. Further, if the proposed regulation has adverse effect on small businesses, Section 2.2-4007.04 requires that such economic impact analyses include (i) an identification and estimate of the number of small businesses subject to the regulation; (ii) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the regulation, including the type of professional skills necessary for preparing required reports and other documents; (iii) a statement of the probable effect of the regulation on affected small businesses; and (iv) a description of any less intrusive or less costly alternative methods of achieving the purpose of the regulation. The analysis presented above represents DPB's best estimate of these economic impacts.